

# Guest Opinion: For US businesses to compete globally, our multinationals must pay their taxes

Most American businesses know the drill: At the end of the year or quarter, they calculate how much money they made, what legal deductions they can claim, and how much they'll ultimately owe the federal government in taxes. They write up a check and send it in to the IRS. No business likes doing it, but it's the cost we all have to bear.



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bear.

Unless, that is, you're one of the U.S. multinational corporations that have stashed \$2.1 trillion in profit overseas. Under the U.S. deferral rule, they don't have to pay taxes on that profit until they bring it back home, so they don't. In fact, they'd rather never pay taxes on it.

If they paid even a modest federal tax on their offshore profit, they'd pony up more than half a trillion dollars in federal tax revenue at a time when the economy's struggling and Congress approaches each budget and debt-limit vote scared of a government shutdown.

Instead, U.S. multinationals want Congress to change the law so they never have to pay taxes on those offshore profits. For one, Apple CEO Tim Cook recently called for an end to the taxation of offshore profits, a practice that he calls "archaic" and bad for the U.S. economy.

As CEO of a software company, I understand the drive to keep costs low, but many of our multinationals pay little or no federal taxes. That reduces the funds needed to pay for the education, research, and infrastructure critical to the competitiveness of U.S. businesses.

Multinationals compound the problem by artificially shifting profit offshore, much of it to tax havens. In fact, 72 percent of our Fortune 500 companies used tax-haven subsidiaries in 2014, and the 30 companies with the most profit offshore used 1,200 of them. By one estimate, the corporate offshoring of profit costs U.S. taxpayers \$90 billion a year.

Our multinationals want the U.S. to take up a territorial tax system, where offshore profits are never taxed. That's a bad idea. The U.S. deferral rule already favors our multinationals over smaller domestic businesses like mine. Territorial taxation will make that worse. That's probably why,

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according to polling by the American Sustainable Business Council, more than four out of five small business owners oppose a territorial tax system.

My business, Rhiza Inc., produces software used by large and small businesses all over the world. We proudly compete against some of the world's largest companies. Our company's technology has been built on the shoulders of prior public investments in networking, development of computers and the Internet itself.

We couldn't have done that without the publicly funded schools and universities that prepare my employees for work in the fast changing world of software development. The competitiveness of our businesses requires us to raise the skills of our workforce and that's never certain.

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